

MORTGAGE CREDIT CERTIFICATES

Achieve the dream of home ownership.



The dream of home ownership is becoming a reality for families across the state thanks to Mortgage Credit Certificates (MCCs). MCCs offer qualified home buyers an annual tax credit of up to \$2,000 per year—just for owning their home.

How Does It Work?

An MCC reduces the amount of federal income tax you pay each year, making it easier to qualify for a mortgage loan and maintain a monthly mortgage payment. Unlike tax deductions, which reduce the portion of your income that is taxed, MCCs are tax credits. They reduce the final amount of taxes you owe each year.

How Much Can I Save?

MCCs provide a dollar-for-dollar reduction in your federal taxes worth 40% of the interest you pay on your mortgage each year, up to \$2,000 per year. You can claim this tax reduction annually for the entire life of your mortgage loan. And, you can still claim the remaining 60% of the interest paid on your mortgage as a tax deduction. These savings can really add up.

For example, with a \$120,000, 30-year fixed-rate loan at 4%, a homeowner will pay \$4,800 in interest during the first year of the loan. The resulting MCC tax credit equals 40% of \$4,800 for a total tax reduction of \$1,920.

Am I Eligible?

You may be eligible for an MCC if:

- You are purchasing your first home or have not owned a home in the past three years
- You will occupy the home as your primary residence
- The cost of your home does not exceed the maximum purchase price limit
- You are purchasing a home within an eligible loan area
- Your family income does not exceed the limits set by the program